MARKET CONDUCT EXAMINATION

OMNI INSURANCE COMPANY
115 S. LASALLE ST. SUITE 3600
CHICAGO, ILLINOIS 60603

OMNI INDEMNITY COMPANY
115 S. LASALLE ST. SUITE 3600
CHICAGO, ILLINOIS 60603

TRUMBULL INSURANCE COMPANY
HARTFORD PLAZA
HARTFORD, CONNECTICUT 06115

JULY 1, 2004 – JUNE 30, 2005

Order No. G 06-68
Omni Insurance Company
Omni Indemnity Company
Trumbull Insurance Company
Exhibit A

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The Honorable Mike Kreidler
Washington State Insurance Commissioner
PO Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010 and procedures promulgated by the National Association of Insurance Commissioners (NAIC) and the Office of the Insurance Commissioner (OIC), an examination of the market conduct affairs has been performed on the following Companies:

Omni Insurance Company	NAIC #39098
Omni Indemnity Company	NAIC #34940
Trumbull Insurance Company	NAIC #27120

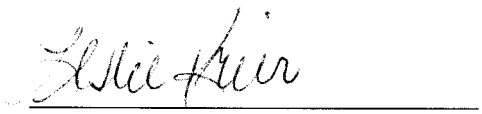
In this report, the above entities are collectively referred to as "the Companies". This examination is respectfully submitted.

CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter, AIE, and Shirley M. Merrill of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of the Companies during the course of this market conduct examination, including those people that provided daily support to the examiners.

I certify that this document is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.



Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

SCOPE

Time Frame

The examination covered the Companies' operations from July 1, 2004 through June 30, 2005. The examination was performed in the Office of the Insurance Commissioner in Seattle, Washington.

Matters Examined

The examination included the following areas:

Company Operations and Management
General Examination Practices
Agent Activities
Complaints
Underwriting and Rating
Rate and Form Filing
Renewal, Cancellation and Non-Renewal
Claim Settlement Practices

SAMPLING STANDARDS

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

	92%	Confidence Level
+/-	5%	Mathematical Tolerance

These are the guidelines prescribed by the National Association of Insurance Commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the Office of the Insurance Commissioner. The tests applied to sampled data will result in an error ratio which determines whether or not a standard is met. If the error ratio found in the sample is less than 5%, the

standard will be considered as 'met'. The standards in the area of agent licensing and appointment will not be met if any violation is identified. The standards in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards which look for the existence of written procedures or a process to be in place, the standard will be met based on the examiner's analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed (without comment), Passed with Comment or Failed. The definition of each category follows.

Passed	There were no adverse findings for this standard.
Passed with Comment	The records reviewed fell within the tolerance level for that standard.
Failed	The records reviewed fell outside of the tolerance level established for the standard.

COMPANY HISTORY AND OPERATIONS

Company Name	Domiciled State	Incorporation Date	Date Admitted to WA
Omni Insurance Company	Illinois	June 23, 1980	July 12, 1995
Omni Indemnity Company	Illinois	December 28, 1973	July 24, 2001
Trumbull Insurance Company	Connecticut	August 28, 1979	June 11, 1997

Omni Insurance Company was originally incorporated on June 23, 1980 under the laws of Georgia as the American Hanover Insurance Company. The current name was adopted on February 19, 1981, and the Company was re-domesticated to Illinois on December 31, 1994. The Company is part of the Omni Insurance Group that was acquired by the Hartford Financial Services Group in 1998. Ramani Ayer is Chief Executive Officer of the Company.

Omni Indemnity Company was incorporated in Georgia as the Southeastern Fidelity Life Insurance Company on December 29, 1973. The Company changed its name to Sunbelt Life Insurance Company in February of 1980. On March 22, 1989 the Company amended its charter to change the purpose of the Company from life to property and casualty and adopted its current title. The Company re-domesticated from Georgia to Illinois on June 10, 1996. The Company is part of the Omni Insurance Group acquired by Hartford Financial Services Group in 1998. Ramani Ayer is Chief Executive Office of the Company.

Trumbull Insurance Company is a member of the Hartford Insurance Pool. The Company was originally incorporated in Alabama under the name of the Hartford Insurance Company of Alabama. In 1987 the Company merged with Hartford Insurance Company of Connecticut and was re-domiciled from Alabama to Connecticut. The current Company name was adopted April 22, 1992. Ramani Ayer is the Chief Executive Officer of the Company.

Personal auto coverage is the only product the Companies sold during the exam period in WA.

OPERATIONS AND MANAGEMENT

Findings

Operations and Management Standard #2 is not applicable to this examination as it applies only to domestic insurers.

The following Operations and Management Standard Passed without Comment:

#	OPERATIONS AND MANAGEMENT STANDARD	REFERENCE
1	**The Companies are required to hold a certificate of authority from the OIC prior to transacting insurance in the State of Washington.**	**RCW 48.05.030(1)**

GENERAL EXAMINATION PRACTICES

Findings

The following General Examination Practices Standards Passed without Comment:

#	GENERAL EXAMINATION PRACTICES	REFERENCE
1	**The Companies made available to the examiners all requested information, and otherwise facilitated the examination in a timely manner.**	**RCW 48.03.030(1)**
3	**The Companies maintain full and accurate records and accounts.**	**RCW 48.05.280**
4	**The Companies filed an antifraud plan with the OIC and filed annual anti-fraud reports with the OIC.**	**RCW 48.30A.045 RCW 48.30A.060**

The following General Examination Practices Standard Failed:

#	GENERAL EXAMINATION PRACTICES	REFERENCE
2	**The Companies do business in their own legal name.**	**RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T 2000-06**

Standard #2:

- Correspondence, claim forms and/or checks in sixteen (16) claim files did not identify the insuring Company or identified the wrong Company. Correspondence in two (2) underwriting files did not identify the insuring Company. See Appendix 1 for detail.

Subsequent event: The Companies are implementing programming changes to auomatically print out the true company name on claim forms and correspondence effective December 1, 2006.

AGENT ACTIVITIES

Agent license and appointment records for agents who wrote the policies selected for the underwriting sample were reviewed by the examiners. They also reviewed a sample of the records from the list of active agents provided by the Companies. As part of the review the examiners compared the Companies agent licensing records with the OIC records to ensure that agents soliciting business for the Companies were licensed and appointed prior to soliciting business on behalf of the Companies as required by Washington law.

Findings

The following Agent Activity Standards Passed without Comment:

#	AGENT ACTIVITY STANDARD	REFERENCE
1	**The Companies ensure that agents are licensed for the**	**RCW 48.17.060(1)**

#	AGENT ACTIVITY STANDARD	REFERENCE
	appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Companies in any way.	**and (2)**
3	**The Companies must notify the OIC when an agent's appointment is revoked.**	**RCW 48.17.160(3)**
4	**The Companies must give an agency with a written agency contract at least 120 days notice of its intent to terminate the contract.**	**RCW 48.17.591(2)**

The following Agent Activity Standard Failed:

#	AGENT ACTIVITY STANDARD	REFERENCE
2	**The Companies require that agents are appointed to represent the Companies prior to allowing them to solicit business on behalf of the Companies.**	**RCW 48.17.160**

Standard #2:

- One hundred forty seven (147) policies were issued or renewed through an agent whose appointment had been terminated. The Companies had no system blocks or procedures in place to prevent this from happening.

See Appendix 2 for detail.

COMPLAINTS

The examiners reviewed 20 of the 79 complaints filed against the Companies in the period between January 2003 and January 2006. Approximately 80 percent of the complaints were claims related. The other 20% were for underwriting, or customer service issues. There were no trends identified.

Findings

The following Complaint Standard Passed without Comment:

#	COMPLAINT STANDARD	REFERENCE
1	**Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication.**	**WAC 284-30-650, WAC 284-30-360(2), Technical Advisory T 98-4**

UNDERWRITING AND RATING

The examiners selected 100 of 16,120 policies that were either new or renewed during the exam period for review.

Files were reviewed to determine if the Companies:

- Followed the filed rating plans
- Followed the underwriting rules
- Were in compliance with Washington laws

Standards #9, #10, and #11 were not applicable to this examination because the Companies did not use credit scoring during the exam period.

Findings

The following Underwriting and Rating Standards Passed without Comment:

#	UNDERWRITING AND RATING STANDARD	REFERENCE
1	**Binders issued to temporarily secure coverage (during underwriting) are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates.**	**RCW 48.18.230(1), WAC 284-30-560**
2	**The Companies require an insured to reject or request lower limits for underinsured motorist (UIM) coverage in writing.**	**RCW 48.22.030 (3) and (4)**
3	**The Companies require an insured to reject Personal Injury Protection (PIP) coverage in writing.**	**RCW 48.22.085(2)**
4	**During underwriting, the Companies use only the personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance.**	**RCW 48.30.310, Bulletin 79-3, RCW 46.52.130 WAC 308-104-145**
5	**The Companies apply schedule rating plans to all policies as applicable in its filing.**	**WAC 284-24-100**
6	**The Companies retain all documentation related to the development and use of (a) rates.**	**WAC 284-24-070**
7	**The Companies may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage.**	**WAC 284-30-574**
8	**Binders must identify the insurer in which they are bound, briefly describe the coverage, state the date and time coverage is effective and acknowledge any premium received.**	**WAC 284-30-560(2)(a)**
12	**No insurer may alter an application for insurance without the insured's written permission.**	**RCW 48.18.070**

RATE AND FORM FILING

The examiners selected forms that were attached to the new and renewal policies used in the underwriting sample for the form filing review. The purpose was to determine if the Companies were complying with laws regarding form filing.

The examiners also manually rated policies to ensure that the Companies rating programs were processing policies according to the filed rates and that the underwriting rules were being followed.

Standards #5 and #7 were not applicable to this examination as they apply to commercial rates and forms.

Findings

The Companies listed notices such as a privacy notice and a notice regarding the Fair Credit Reporting Act on the policy declarations forms list. There forms are not filed and are not intended to become part of the policy. The Companies advised they would research a way to identify those forms that are not a part of the policy and list them separately.

The Companies were using an application form that was attached to and became part of the policy. The form was filed and approved for use in March 2002. All three Companies were listed on the form however it did not identify in which Company the application was submitted. The Companies advised the examiners that the form had been corrected in March 2006 to show only the Company to which the insured is applying for coverage.

The following Rate and Form Filing Standards Passed without Comment:

#	RATE AND FORM FILING STANDARD	REFERENCE
2	**Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, and do not issue any policies that are not in accord with the filing in effect.**	**RCW 48.19.040(1) and (6)**
3	**The policy must identify all forms that make up the policy. The policy will identify all coverage limits.**	**RCW 48.18.140(2)(a)-(f)**
4	**The policy must contain all endorsements and forms.**	**RCW 48.18.190**
6	**Personal Injury Protection forms issued by the Companies contain coverage definitions and limits that conform to Washington law.**	**RCW 48.22.095 RCW 48.22.005**

The following Rate and Form Filing Standard Passed with Comment:

#	RATE AND FORM FILING STANDARD	REFERENCE
1	**Policy forms and applications, where required, have been filed with and approved by the OIC prior to use.**	**RCW 48.18.100**

Standard #1:

- One (1) policy had an Accord application form attached. The form was not filed or approved for use in Washington. This appeared to be an anomaly as the Companies provided their own filed and approved application form for use by their agents.

RENEWAL, CANCELLATION AND NON-RENEWAL

The examiners selected 75 of 11,962 policies that were either cancelled or non-renewed during the exam period. The files were reviewed to determine if the Companies were in compliance with the state laws governing policy non-renewal or cancellation. Renewal policies selected in the Underwriting sample of the examination were also considered in this section.

Findings

The following Renewal, Cancellation and Non-renewal Standards Passed without Comment:

#	RENEWAL CANCELLATION AND NON-RENEWAL STANDARD	REFERENCE
1	**The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the Companies.**	**RCW 48.17.591**
2	**The Companies send offers to renew or cancellation or non-renewal notices according to the requirements prior to policy termination.**	**RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292**

The following Renewal, Cancellation and Non-renewal Standard Passed with Comment:

#	RENEWAL, CANCELLATION AND NON-RENEWAL STANDARD	REFERENCE
3	**The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured.**	**WAC 284-30-570 Bulletin 96-2**

Standard #3:

- Two (2) policies contained cancellation notices that did not contain sufficient information to explain the Companies' decision.

CLAIM SETTLEMENT PRACTICES

The examiners reviewed 100 of 3,799 claims that were closed during the exam period. They also reviewed an additional 20 of 113 claims involving 1st party total loss vehicles.

Files were reviewed for:

- Compliance with Washington law
- Timeliness of contact with claimants
- Promptness of payments
- Explanation of applicable coverage
- Procedures for establishing actual cash value of total losses
- Documentation of claim files

Findings

The following errors were returned to claims management for review and correction if necessary:

- One (1) file was settled and coded as a collision claim with a $500 deductible. The loss was actually a comprehensive loss with a $250 deductible. The additional $250 was sent to the insured. The claims records and CLUE report were corrected to reflect accurate loss information.
- The Company did not identify the lien holder on one settlement check.
- One (1) file contained two denial letters telling the claimant that there was no coverage for a loss. The letters stated the date the policy cancelled. Each letter had a different date of cancellation.
- Letters in claim files denying claims to 3rd party claimants contained a statement that if the recipient felt the claim was wrongfully rejected they had the right to a review by the Consumer Communications Bureau, California Department of Insurance. This was not applicable as the losses occurred in Washington with Washington policy holders.
- One (1) Uninsured Motorist Property Damage (UMPD) claim was paid with a $100 UMPD deductible. The appropriate deductible based on the loss facts was $300.
- One (1) file contained information that indicated it should have been referred to the fraud unit. The file was closed without a referral. There was no explanation for this decision.

The following Claim Settlement Practices Standards Passed without Comment:

#	CLAIM SETTLEMENT PRACTICES STANDARD	REFERENCE
1	**The Companies settle claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act.**	**WAC 284-30-330**
3	**The Companies provided an explanation of all pertinent coverage to first party claimants.**	**WAC 284-30-350**
4	**The Companies acknowledged receipt of a claim within 10 days, and responded to all communications on a claim file within the time frames prescribed.**	**WAC 284-30-360(1) (3) and (4)**
6	**The Companies must accept or deny coverage within 15 days after receiving proof of claim.**	**WAC 284-30-380**
9	**The Companies surrender titles for total loss vehicles to the Department of Licensing or provide other authorized documentation as required.**	**RCW 46.12.070, WAC 308-56A-460**

The following Claim Settlement Practices Standards Failed:

#	CLAIM SETTLEMENT PRACTICES STANDARD	REFERENCE
2	**The Companies' claim files contain detailed log notes and work papers so as to allow reconstruction of the claim file.**	**WAC 284-30-340**
5	**The Companies comply with requirement for prompt investigation of claims.**	**WAC 284-30-370**

#	CLAIM SETTLEMENT PRACTICES STANDARD	REFERENCE
7	**The Companies settle automobile claims in accordance with standards established for prompt, fair and equitable claim settlements.**	**WAC 284-30-390, WAC 284-30-3901-3916**
8	**The Companies comply with the regulation regarding notification of PIP benefits, limitations, termination, or denial of benefits.**	**WAC 284-30-395 (1)**

Standard #2:

- Seven (7) files did not contain sufficient log notes or other information to reconstruct the claim.

Standard #5:

- Seven (7) files were not investigated promptly with long gaps of time between activities in the file.

Standard #7:

- Four (4) total loss claims were not settled according to the requirements of WAC 284-30-3907. In each of these cases the license fees were not paid or were paid incorrectly. A total of $130.06 was returned to four insureds. This represents errors in 20% of the total loss sample.

Standard #8:

- One (1) PIP claim was erroneously denied for lack of information. The information was in the claim file.

- The template for the PIP information letter did not contain all the components required by law until February 2006. Two (2) examples of this were identified in the claim sample. The Company was unable to determine how many times the letter was used.

See Appendix 3 for detail.

SUMMARY OF STANDARDS

Company Operations and Management:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies are required to hold a certificate of authority from the OIC prior to transacting insurance in the State of Washington. (RCW 48.05.030(1))	7	X	
2	The Companies are required to file with the OIC any amendments to the Articles of Incorporation for domestic insurers or insurance holding Companies. (RCW 48.07.070)	N/A		

General Examination Practices:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies made available to the examiners all requested information, and otherwise facilitated the examination in a timely manner. (RCW 48.03.030(1))	8	X	
2	The Companies do business in their own legal name. (RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T 2000-06)	8		X
3	The Companies maintain full and accurate records and accounts. (RCW 48.05.280)	8	X	
4	The Companies filed an antifraud plan with the OIC (RCW 48.30A.045) and filed annual anti-fraud reports with the OIC. (RCW 48.30A.060)	8	X	

Agent Activity:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies ensure that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Companies in any way. (RCW 48.17.060(1) and (2))	8	X	
2	The Companies require that agents are appointed to represent the Companies prior to allowing them to solicit business on behalf of the Companies. (RCW 48.17.160)	9		X
3	The Companies must notify the OIC when an agent's appointment is revoked. (RCW 48.17.160(3))	9	X	
4	The Companies must give an agency with a written agency contract at least 120 days notice of its intent to terminate the contract. (RCW 48.17.591(2))	9	X	

Complaints:

#	STANDARD	PAGE	PASS	FAIL
1	Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication. (WAC 284-30-650, WAC 284-30-360(2), Technical Advisory T 98-4)	9	X	

Underwriting and Rating:

#	STANDARD	PAGE	PASS	FAIL
1	Binders issued to temporarily secure coverage (during underwriting) are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates. (RCW 48.18.230(1), WAC 284-30-560)	10	X	
2	The Companies require an insured to reject or request lower limits for underinsured motorist (UIM) coverage in writing. (RCW 48.22.030(3) and (4))	10	X	
3	The Companies require an insured to reject Personal Injury Protection (PIP) coverage in writing. (RCW 48.22.085(2))	10	X	
4	During underwriting, the Companies use only the personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance. (RCW 48.30.310, RCW 46.52.130, Bulletin 79-3, WAC 308-104-145)	10	X	
5	The Companies apply schedule rating plans to all policies as applicable in its filing. (WAC 284-24-100)	10	X	
6	The Companies retain all documentation related to the development and use of (a) rates. (WAC 284-24-070)	10	X	
7	The Companies may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage. (WAC 284-30-574)	10	X	
8	Binders must identify the insurer in which they are bound, briefly describe the coverage, state the date and time coverage is effective and acknowledge any premium received. (WAC 284-30-560(2)(a))	10	X	
9	An insurer, when using credit scoring to underwrite, may not use the following factors: the number of credit inquiries; collections identified with medical industry code; the purchase of a new vehicle or home (some exceptions); or insurer cannot use total available line of credit to set rates or deny coverage. (WAC 284-24A-065)(1) through (6)) *Effective 06/30/03*	N/A		

#	STANDARD	PAGE	PASS	FAIL
10	The insurer informs the consumer of the significant factors adversely affecting the credit history or insurance score and explains significant factors that lead to adverse action in clear and simple language. WAC 284-24A-010(1) and (2). *Effective 06/30/03 and T2005-06 issued October 10, 2005.*	N/A		
11	The insurer filed the credit scoring model by January 1, 2003. Related rates, risk classification plans, rating factors and rating plans were filed and approved by June 30, 2003. (WAC 284-24A-015(1))	N/A		
12	No insurer may alter an application for insurance without the insured's written permission. (RCW 48.18.070)	10	X	

Rate and Form Filing:

#	STANDARD	PAGE	PASS	FAIL
1	Policy forms and applications, where required, have been filed with and approved by the OIC prior to use. (RCW 48.18.100)	11	X	
2	Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, and do not issue any policies that are not in accord with the filing in effect. (RCW 48.19.040(1) and (6))	11	X	
3	The policy must identify all forms that make up the policy. The policy will identify all coverage limits. (RCW 48.18.140(2)(a)-(f))	11	X	
4	The policy must contain all endorsements and forms. (RCW 48.18.190)	11	X	
5	Policy forms for commercial policies are filed within 30 days of use. (RCW 48.18.103(2))	N/A		
6	Personal Injury Protection forms issued by the Companies contain coverage definitions and limits that conform to Washington law. (RCW 48.22.095, RCW 48.22.005)	11	X	
7	Rates for commercial policies must be filed within 30 days of use. (RCW 48.19.043(2))	N/A		

Renewal, Cancellation and Non-Renewal:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the Companies. (RCW 48.17.591)	12	X	

#	STANDARD	PAGE	PASS	FAIL
2	The Companies send offers to renew or cancellation or non-renewal notices according to the requirements prior to policy termination. (RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292)	12	X	
3	The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured. (WAC 284-30-570, Bulletin 96-2)	12	X	

Claims:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies settle claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act. (WAC 284-30-330)	13	X	
2	The Companies' claim files contain detailed log notes and work papers so as to allow reconstruction of the claim file. (WAC 284-30-340)	13		X
3	The Companies provided an explanation of all pertinent coverage to first party claimants. (WAC 284-30-350)	13	X	
4	The Companies acknowledged receipt of a claim within 10 days, and responded to all communications on a claim file within the time frames prescribed. (WAC 284-30-360(1),(3) and (4))	13	X	
5	The Companies comply with requirement for prompt investigation of claims. (WAC 284-30-370)	13		X
6	The Companies must accept or deny coverage within 15 days after receiving proof of claim. (WAC 284-30-380)	13	X	
7	The Companies settle automobile claims in accordance with standards established for prompt, fair and equitable claim settlements. (WAC 284-30-390, WAC 284-30-3901-3916)	14		X
8	The Companies comply with the regulation regarding notification of PIP benefits, limitations, termination, or denial of benefits. (WAC 284-30-395(1))	14		X
9	The Companies surrender titles for total loss vehicles to the Department of Licensing or provide other authorized documentation as required. (RCW 46.12.070, WAC 308-56A-460)	13	X	

INSTRUCTIONS

#	INSTRUCTION	PAGE NUMBER
1	The Companies are instructed to comply with RCW 48.05.190 by using checks, correspondence and claim forms that identify the true name of the insurer.	8
2	The Companies are instructed to comply with RCW 48.17.160 and verify all agents are appointed with the Companies prior to allowing them to conduct business on behalf of the companies.	9
3	The Companies are instructed to comply with WAC 284-30-340 and ensure that claim files contain log notes and work papers so as to allow reconstruction of the claim files.	13
4	The Companies are instructed to comply with WAC 284-30-370 and complete claim investigations within the given timeframes,	13
5	The Companies are instructed to comply with WAC 284-30-390 and WAC 284-30-3901-3916 when settling auto claims. The Companies are further instructed to review all total loss settlements on files that closed during the exam period, re-calculate and pay any additional taxes and fees and report the results to the examiners within 180 days of the adoption of the report.	14
6	The Companies are instructed to comply with WAC 284-30-395(1) with regard to the notification of PIP benefits and circumstances where PIP benefits can be limited, terminated or denied.	14

RECOMMENDATIONS

#	RECOMMENDATIONS
1	It is recommended that the Companies review the requirements of cancellation and non-renewal notices with the appropriate staff to ensure compliance with WAC 284-30-570.
2	It is recommended that the Companies conduct a training session for all claims staff handling claims on Washington Unfair Claims practices.

APPENDIX 1

General Examination Standard #2	The Company does business in its own legal name. Ref: RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T-2000-06
Policy number	**Comments**
AJ 649076 01	Letter to the insured didn't identify the insurer.
AJ 276050 02	Letter to the insured didn't identify the insurer.
04-067728	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-340781	Claim Form # CO 1500 WA (3/03) did not identify the insurer correctly and was released for use in Washington 03-01-03 and was removed from its computer data base as of 7-18-06. The Company was unable to identify how often this form was used.
02-328751	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-330747	Claim Form # CO 1500 WA (3/03) did not identify the insurer correctly and was released for use in Washington 03-01-03 and was removed from its computer data base as of 7-18-06. The Company was unable to identify how often this form was used.
04-063320	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-329870	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-323646	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
04-067658	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-332961	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-328751	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-309598	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.

General Examination Standard #2	The Company does business in its own legal name. Ref: RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T-2000-06
01-316506	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
04-064101	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-325608	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
01-34-0781	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.
04-061157	Checks issued, correspondence, and/or forms on the file did not identify the insuring Company correctly, or identified the wrong insuring company.

APPENDIX 2

Agent Activity Standard #2:	The Company must appoint agents to represent the Company prior to allowing agents to solicit business on behalf of the Company. Ref: RCW 48.17.160
147 policies	The Companies cancelled the agent's appointment on 9/8/02 and then allowed the agent to continue to write business. 147 policies were written through this agent after the effective date of termination. The Companies had no process in place to prevent this from happening.

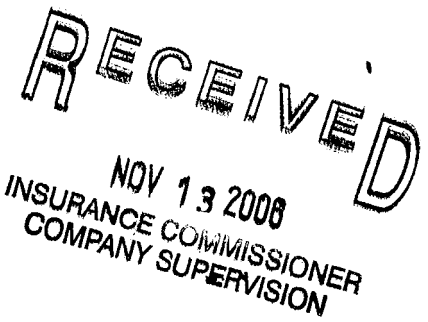
APPENDIX 3

Claim Settlement Standard #2:	Company claim files contain detailed log notes and work papers that allow reconstruction of the claim file. Ref: WAC 284-30-340
01-332961	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
04-066909	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
01-329307	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
01-324042	Adjuster did not keep copies of letters sent to 3rd party claimant in attempts to contact claimant. Last letter sent 10/01/04 and file closed 1/24/05 because the insured wanted it cleared from his record. Claim was never paid nor denied.
01-327138	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
01-321802	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
01-332705	Adjuster's notes were not sufficient to reconstruct the claim handler's activities regarding the investigation and settlement of the claim.
Claim Settlement Standard #5	**The Company complies with requirements for prompt investigation of claims. Ref: WAC 284-30-370**
01-325371	The claims department received notice of the loss from the claimant's carrier. There was one attempt to contact the insured via phone; a message was left with someone on 8/11/04. No further contact with the insured was attempted, either by phone or mail. On 11/08/04 the file was closed because "more than 60 days post loss no activity". The claim was neither paid nor denied.
01-338884	As of 8/8/06 this claim was closed however it has not been paid, denied or resolved. It has been referred back to the Company for resolution.
01-321802	Claim involved an excluded driver, this was known to the insurer within 3 days but claim was not denied until 8 months later.
01-332705	Third party bodily injury and property damage claims were settled. The loss was never discussed with the insured driver. One attempt to contact its insured driver.
01-333027	Claim was not promptly investigated with long delays between file activities.
04-064454	Adjuster did not pursue insured's total loss paper work which delayed payment of the claim as well as investigation.

01-309403	Adjuster did not promptly investigate the claim. There were more than 30 days between the initial attempt to contact the insured and a follow-up letter.
Claim Settlement Standard #7	**The Company settles automobile claims in accordance with standards established for prompt, fair and equitable claim settlements. Ref: WAC 284-30-390 and WAC 284-30-3901-3916**
01-330747	The Company failed to calculate the license tab fees correctly on the total loss vehicle. The insured was paid $5.00 for the license tabs on the total loss of vehicle; an additional $30 was paid to the insured.
01-329846	The Company failed to calculate the license tab fees correctly when settling the total loss. The insured was paid $12.75 for the license tabs on the total loss of vehicle; an additional $32.80 was paid to the insured.
01-317599	The insured was not paid for the license tabs on the total loss of vehicle. A payment of $10.16 was sent to the insured.
01-334839	The insured was not paid for the license tabs on the total loss of vehicle. A payment of $57.10 was paid to the insured.
Claim Settlement Standard #8	**Ref: The Company complies with the regulation regarding notification of PIP benefits, limitations, termination or denial of benefits. Ref: WAC 284-30-395(1)**
01-325111	Adjuster denied a part of the PIP claim because a receipt did not contain information that the claim handler wanted and told the insured that they would need to obtain and submit additional information. The claim handler was in error. The receipt the insured had submitted included all the information the adjuster was requesting. An additional $460 was paid to the insured.
04-065283	PIP letter to the insured did not meet the requirements of Washington Law.
01-313774	PIP letter to the insured did not meet the requirements of Washington Law.
Template for PIP letter	The Company's PIP letter did not meet the requirements of the Washington law until in February of 2006 when it was revised.

Kathleen Querfeld
Counsel
Law Department

VIA FEDERAL EXPRESS



November 8, 2006

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Office of the Insurance Commissioner
State of Washington
5000 Capitol Boulevard
Tumwater, WA 98501

Re: Market Conduct Examination July 1, 2004 – June 30, 2005
Omni Insurance Company NAIC #39098
Omni Indemnity Company NAIC #34940
Trumbull Insurance Company NAIC #27120
(collectively referred to herein as the "Companies")

Dear Deputy Insurance Commissioner Odiorne:

The Companies received the captioned Market Conduct Examination Report in our Atlanta office on October 17, 2006. We are submitting this letter to you in accordance with the provisions of RCW 48.03.040. We have reviewed the Market Conduct Examination Report and offer the following response to the Instructions.

Instruction #1: The Companies are instructed to comply with RCW 48.05.190 by using checks, correspondence and claim forms that identify the true name of the insurer.

The Companies have provided claim handlers with written guidance reminding them of the requirement of referencing the true company name when sending out correspondence in connection with a claim. Claim handlers have been instructed to manually look up the

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correct company name on the policy declaration page prior to sending out any claim forms or correspondence. Additionally, the Companies are in the process of making programming changes so that the true company name will automatically print out on correspondence and claim forms. The programming changes will be implemented on or about December 1, 2006.

Instruction #2 The Companies are instructed to comply with RCW 48.17.160 and verify all agents are appointed with the Companies prior to allowing them to conduct business on behalf of the companies.

The Companies have conducted additional internal review of this situation. Further research for this particular agent has demonstrated that the agency license was terminated in 2002 and the Companies appointment was also terminated in accordance with Company procedures. The agency secured a new license under a new name effective November 25, 2002 and the Companies resumed doing business under the terminated Company appointment rather than through a new Company appointment. Consequently, the failure to re-appoint this agency under the new business name was an isolated administrative error that did not adversely impact the Companies' policyholders.

Since this error occurred, there have been several enhancements to the Companies' policy writing systems to capture issuing producer information. These systems are updated with a daily feed that validates agency appointment and licensing based upon the most current information available to the Companies. All policies issued through the Companies are checked against the Companies' agency licensing and appointment records and applications that do not match the Companies' records are manually reviewed to ensure proper appointment and licensing documentation exists.

Instruction #3 The Companies are instructed to comply with WAC 284-30-240 and ensure that claim files contain log notes and work papers so as to allow reconstruction of the claim files.

It is the Companies' practice to require its claim handlers to adequately document claim files in accordance with WAC 284-30-240. However, the examiner identified 7 claim files out of 100 claim files where the claim files did not contain adequate documentation to allow for the reconstruction of the claim. Although it is the Companies belief that these 7 instances were isolated events, the Companies have provided additional written training materials to the claim handlers handling Washington claims to ensure that the handlers are documenting the claim files more completely. Supervisors will be reviewing a random sample of claim files of each of the handlers to ensure that the handlers are complying with the requirements contained within WAC 284-30-240.

Instruction #4: The Companies are instructed to comply with WAC 284-30-370 and complete claim investigations within the given timeframes.

It is the Companies practice to settle claims within the time periods specified in WAC 284-30-370. However, the examiner identified 7 claim files out of 100 claim files

examined where the claim investigation was not completed in a timely manner. Although it is the Companies' belief that these 7 instances were isolated events, the Companies have reviewed the requirements of WAC 284-30-370 with the claim handlers assigned to Washington claims to ensure that the handlers are familiar with such requirements. Written training materials were also distributed to the claim handlers to reinforce this requirement. Additionally, supervisors will be conducting periodic audits to ensure that the handlers are more proactive in the handling of the claims.

Instruction #5: The Companies are instructed to comply with WAC 284-30-390 and WAC 284-30-3901-3916 when settling auto claims. The Companies are further instructed to review all total loss settlements on files that closed during the exam period, recalculate and pay any additional taxes and fees and report the results to the examiners within 90 days of the adoption of the report.

The Companies are in the process of determining how the Companies will obtain the licensing fee and tax information required in order to comply with this instruction. Because of the large number of claim files involved with this recovery and the pending sale of the Omni Insurance Group to a third party on or about November 30, 2006, the Companies respectfully request that the Companies be given additional time to comply with this Instruction. The Companies believe that they will be able to complete the recovery within 180 days of the adoption of the report.

Instruction #6: The Companies are instructed to comply with WAC 284-30-395(1) with regard to the notification of PIP benefits and circumstances where PIP benefits can be limited, terminated or denied.

In February of 2006, prior to the commencement of the examination, the Companies revised their PIP letter template to ensure that it complied with the requirements contained within WAC 284-30-395(1).

The examination report and instructions will be shared with the purchaser of Omni Insurance Company and Omni Indemnity Company for their continued action after completion of the transaction. Trumbull Insurance Company is not included in the sale of Omni Insurance Group; however, the purchaser will continue to write business in Trumbull Insurance Company via a 100% quota share treaty. Once you have had the opportunity to review the Companies' responses, please do not hesitate to contact me with any questions you may have.

Sincerely,

Kathleen Querfeld, Esq.
Counsel
Property & Casualty Compliance
(860) 547-9605